



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MEDICAL COMMAND
2050 WORTH ROAD
FORT SAM HOUSTON, TEXAS 78234-6000



REPLY TO
ATTENTION OF

MCHO-CL-P (40)

17 SEP 1996

MEMORANDUM FOR Commanders, MEDCOM Regional Medical Commands

SUBJECT: Newborn Billing Policy

1. Reference memorandum, Assistant Secretary of Defense (Health Affairs), undated, subject: Newborn Billing Policy (Enclosure 1).
2. Under the provisions of referenced memorandum, the enclosed Newborn Billing Policy becomes effective 1 October 1996. Under this policy, military medical treatment facilities (MTFs) will generate a bill for newborn care based on the appropriate patient category rate from the time of birth. Historically, charges for newborn care were generated only when the newborn remained hospitalized after the mother was discharged.
3. We are aware of the financial hardship this new policy will place on certain categories of patients who will be required to pay the full reimbursement rate (newborn of dependent daughters). Secretary of the Army designee status may be requested to relieve this hardship and to ensure continuity of care. Each request will be evaluated on a case-by-case basis. The U.S. Army Medical Command (MEDCOM) has requested that the Secretary of the Army delegate authority for approval of these cases to the MTF commander; however, we have been formally advised that we will not have a final decision prior to the effective date of policy implementation. For this reason, individual requests must be submitted to Headquarters, MEDCOM, ATTN: MCHO-CL-P, for processing in accordance with Army Regulation 40-3, paragraph 4-55, and forwarding to the Secretary of the Army. We do anticipate a quick turnaround on these requests. We are asking that requests be submitted as soon as the determination is made that the dependent daughter is pregnant and designee status will be required for her newborn. Those with delivery dates in October 1996 should be submitted immediately, and all others should be processed as soon as possible.
4. This change in policy will require a systems change to the Composite Health Care System. The systems change will be available in January 1997 with the fielding of version 4.5. Interim manual billing procedures will be provided to all Medical Services Accounts Officers prior to 1 October 1996. Enclosures 2-4 are sample letters to be used to inform those categories of patients affected by this change.

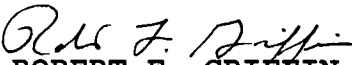
MCHO-CL-P

SUBJECT: Newborn Billing Policy

5. Our point of contact is LTC Hogan, Patient Administration Division, Directorate of Clinical Operations, DSN 471-6113/6615.

FOR THE COMMANDER:

4 Encls
as


ROBERT F. GRIFFIN
Brigadier General, MC
Deputy Commander for Health
Care Operations



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

APR 19 1996

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (MANPOWER &
RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE NAVY (MANPOWER &
RESERVE AFFAIRS)
ASSISTANT SECRETARY OF THE AIR FORCE (MANPOWER,
RESERVE AFFAIRS, INSTALLATIONS & ENVIRONMENT)

SUBJECT: Policy For Newborn Billing

On June 19, 1995, we promulgated a billing policy for newborns to recover our reasonable cost of care and to establish consistent billing policies. Under this policy, we bill for newborn care from the time the baby is born, rather than only if they stay beyond the mother's hospitalization. The policy was subsequently held in abeyance for further review and comment.

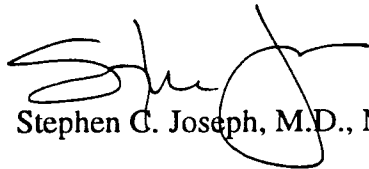
This issue was twice staffed through our TRICARE Executive Committee with the Services non-concurring with the implementation of this new policy. We have carefully reviewed Service input and fully understand their concerns. For individuals who are not DoD beneficiaries (either regular beneficiaries or Secretarial Designees), we have a legal obligation to "recover the reasonable cost of health care services provided" (see attached). We expend resources to care for these newborns and are obligated to recover the cost of this care. Therefore, we will implement this policy correction. However, we will defer the effective date of this policy correction to October 1, 1996, in order to provide you sufficient time to plan for a reasonable implementation approach using Secretarial Designee authority.

The greatest concern among the Services is for newborns of dependent daughters and former service member maternity newborns. With this change in policy, these newborns will be billed at the full reimbursement rate from the time they are born, resulting in a charge of approximately \$600-\$800. One approach to address possible hardship is that you jointly consider using Secretarial Designee status to make these newborns eligible beneficiaries for care without required reimbursement. This Secretarial Designee class could be newborns of dependent daughters and former service member newborns from time of birth to time of the mother's

Encl

discharge. Another option would be to limit the status to individuals based on hardship. Regardless of the approach taken, it is important that you consider a common policy, whether it is on an entire class basis or on an individual hardship basis.

The point of contact for this policy is LCDR Pat Kelly at (703) 681-8910.

A handwritten signature in black ink, appearing to read 'Stephen C. Joseph', with a large circular flourish at the end.

Stephen C. Joseph, M.D., M.P.H.

Attachment:

As stated

cc:

Surgeon General of the Army

Surgeon General of the Navy

Surgeon General of the Air Force

SAMPLE LETTER FOR
ACTIVE DUTY/RETIRED SPOUSE/RETIREE

DATE

Dear New Mother-To-Be:

Recently, Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, made some significant changes in how you and your baby will be billed for your delivery and your baby's care after delivery. These are expenses for which you will be held responsible. These changes will become effective on 1 October 1996.

"The newborn billing policy establishes the requirement for military medical treatment facilities to generate bills for newborns, separate from that of the mother, beginning with the date of birth of the newborn."

What this means is that you will be charged for your delivery and postpartum care at the current rate of \$9.70 per day for each day of your stay in the hospital. Your baby will be billed a separate charge of \$9.70 per day for each day your newborn is hospitalized.

Under the Third Party Collection Program, obstetrical patients who have other health insurance will continue to be the subject of separate claims for care provided to newborns. Separate billing for newborn care is standard practice in the United States and the costs are routinely covered.

Encl 2

SAMPLE LETTER FOR
ACTIVE DUTY
CHAPTER 8 SEPARATION

DATE

Dear New Mother-To-Be:

Recently, Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, made some significant changes in how you and your baby will be billed for your delivery and your baby's care after delivery. These are expenses for which you will be held responsible. These changes will become effective on 1 October 1996.

"The newborn billing policy established the requirement for military medical treatment facilities to generate bills for newborns, separate from that of the mother, beginning with the date of birth of the newborn."

What does this mean? If you remain on active duty or if you are considering separation from the Army under Chapter 8, or you already have separated, you will be affected in the following fashion.

IF YOU REMAIN ON ACTIVE DUTY, you will be billed at the current prescribed rate of \$4.75 per day and, in addition, the hospital will generate a separate charge of \$9.70 per day for each day of hospitalization of your newborn.

IF YOU SEPARATE FROM THE SERVICE UNDER CHAPTER 8 and you are married to an active duty soldier, you will be billed at the current prescribed rate of \$9.70 per day and your newborn will be billed at an additional \$9.70 per day of hospitalization. You have become like any other dependent wife and your billing for the delivery and hospitalization is the same as if you were never in the Army. You and your baby will receive all the right and privileges offered to dependents.

IF YOU SEPARATE FROM THE SERVICE UNDER CHAPTER 8 and you are not married to an active duty serviceman, under the conditions of your separation under Chapter 8, you may receive direct care at this hospital for your prenatal care and delivery. Your medical care costs are covered by the military health care system at the current per diem rate of \$9.70 per day. However, your infant will not be eligible for hospitalization nor Civilian Health and Medical Program of the Uniformed Services benefits.

Encl 3

"The newborn infant is not an eligible beneficiary in his/her own right, and will be billed at the full cost reimbursement rate. This rate is not based on a daily charge (per diem), but is rather a flat rate based on the patient category and type of condition/treatment for which hospitalized (diagnosis related group). These bills can range from approximately \$600 for a normal, uncomplicated delivery to \$20,000 in the case of a premature infant with major health problems."

What this means is that you will be charged for your delivery and postpartum care at the current rate of \$9.70 per day for each day of your stay in the hospital. Your baby will be billed on the same basis that a civilian would be charged if they were admitted to our hospital. After all, your baby is a civilian, not the dependent of a service member or retiree. Depending upon the care that your newborn infant requires, this cost will amount to several hundred dollars at a minimum.

If you will require financial assistance in order to provide medical benefits for your infant, it may be necessary for you to go to the local county/state Department of Social Services to apply for MEDICAID benefits for your infant. Eligibility for benefits is determined on the basis of the mother's income. It takes approximately 50 days for the application to be processed, so apply early. Call the Medicaid Office for more information at XXX-XXXX. You should also contact Social Work Services at the hospital at XXX-XXXX.

If you do not have insurance to cover the care for your newborn, you may request Secretary of the Army designee status. Requests will be evaluated on a case-by-case basis. If approved, care would be authorized for your newborn at a military medical treatment facility. With this status, your baby will be eligible to receive care for the delivery at the current rate of \$9.70 per day and one six-week well baby check-up. However, any subsequent medical care will not be authorized, so it is extremely important that you consider your alternatives and seek civilian health insurance. If you do not apply for Secretary of the Army designee status, you will be billed at the civilian rate for your baby's hospitalization. To apply, please contact

SAMPLE LETTER FOR
DEPENDENT DAUGHTER

DATE

Dear New Mother-To-Be:

Recently, Dr. Stephen Joseph, Assistant Secretary of Defense for Health Affairs, made some significant changes in how you and your baby will be billed for your delivery and your baby's care after delivery. These are expenses for which you will be held responsible. These changes will become effective on 1 October 1996.

"The dependent daughter (of an eligible beneficiary) will be charged the current rate of \$9.70 per day. However, the newborn infant is not an eligible beneficiary in his/her own right, and will be billed at the full cost reimbursement rate. This rate is not based on a daily charge (per diem), but is rather a flat rate based on the patient category and type of condition/treatment for which hospitalized (diagnosis related group). These bills can range from approximately \$600 for a normal, uncomplicated delivery to \$20,000 in the case of a premature infant with major health problems."

What this means is that you will be charged for your delivery and postpartum care at the current rate of \$9.70 per day for each day of your stay in the hospital. Your baby will be billed on the same basis that a civilian would be charged if they were admitted to our hospital. After all, your baby is a civilian, not the dependent of a service member or retiree. Depending upon the care that your newborn infant requires, this cost will amount to several hundred dollars at a minimum.

While you are receiving direct care at this hospital for your prenatal care and delivery, your medical care costs are covered by the military health care system except for the current per diem expense of \$9.70 per day. However, your infant will not be eligible for hospitalization nor the Civilian Health and Medical Program of the Uniformed Services benefits. If you will require financial assistance in order to provide medical benefits for your infant, it is important to go to the local county/state Department of Social Services to apply for MEDICAID benefits for your infant. Eligibility for benefits is determined on the basis of the mother's income, not her parents. It takes approximately 50 days for the application to be processed, so apply early. Call the Medicaid Office for more information at XXX-XXXX. You should also contact Social Work Services at the hospital at XXX-XXXX.

Encl 4

As an interim measure, you may request Secretary of the Army designee status through our Patient Administration Division. Requests will be evaluated on a case-by-case basis. If approved, care would be authorized for your newborn at a military medical treatment facility. With this status, your baby will be eligible to receive care for the delivery at the current rate of \$9.70 per day and one six-week well baby check-up. However, any subsequent medical care will not be authorized, so your application for Medicaid benefits is extremely important. If you do not apply for Secretary of the Army designee status, you will be billed at the civilian rate for your baby's hospitalization. To apply, please contact